

## **Commerce**

### **Previous Year Solved Paper (July 2018)**

**Time : 2 hours**

**Paper-II**

Maximum Marks : 200

**Note : This paper contains hundred (100) objective type questions, each question carries two (2) marks. Attempt all the questions.**

- 6.** Which of the following statements is not correct relating to consumerism ?

  - (1) Consumerism is a manifestation of the failure of the business to guarantee and ensure consumer legitimate rights.
  - (2) The government does not have any role in consumer protection as it is the part of business organisations alone.
  - (3) The consumers should accept consumerism as a means of asserting and enjoying their rights.
  - (4) Consumerism evolution is not a set-back for marketing but rather points to the next stage in the evolution of enlightened marketing.

**7.** Which one of the following is not covered in the approach adopted by "Niti Aayog" ?

  - (1) Five year planning approach
  - (2) Three year action agenda
  - (3) Seven year strategy
  - (4) Fifteen year vision

**8.** **Assertion (A) :** Personal transactions of the owners of the business are not recorded in the books.  
**Reasoning (R) :** According to the business entity concept, each business enterprise is considered as an accounting unit separate from owners.

**Codes :**

  - (1) Both (A) and (R) are correct and (R) is the correct explanation of (A).
  - (2) Both (A) and (R) are correct but (R) is not the correct explanation of (A).
  - (3) (A) is correct but (R) is not correct.
  - (4) (A) is wrong but (R) is correct.

**9.** Which one of the following is not an example of 'financing activities' with reference to cash "flow statement" ?

  - (1) Repayment of bank loan
  - (2) Interest on debentures/Dividend paid
  - (3) Cash proceeds from public deposits
  - (4) Sale of fixed assets

**10.** Which one of the following statements is true about estimated costs and standard costs ?

  - (1) Standard costs are based on scientific analysis and engineering studies while estimated costs are based on historical basis.
  - (2) Standard cost emphasis is on "what cost will be" while estimated cost emphasis is on "what cost should be".
  - (2) Standard costs are more frequently revised compared to estimated cost.
  - (4) Estimated costs are more stable than standard costs.

**11.** Which one of the following statements is not true ?

  - (1) An expenditure intended to benefit current year is revenue expenditure.
  - (2) Amount paid for acquiring goodwill is capital expenditure.
  - (3) Wages paid for installation of a new machine is usually debited to wages account.
  - (4) Revenue expenditure is not intended to benefit future period.

- 12.** X Ltd. forfeited 20 shares of ₹ 10 each, ₹ 8 called up, on which John had paid application and allotment money of ₹ 5 per share, of these, 15 shares were reissued to Parker as fully paid up for ₹ 6 per share. What is the balance in the share Forfeiture Account after the relevant amount has been transferred to Capital Reserve Account ?

(1) NIL	(2) ₹ 5
(3) ₹ 25	(4) ₹ 100

- 13.** X and Y sharing profits in the ratio of 7 : 3, admit Z for 3/7 share in the new firm in which he takes 2/7 from X and 1/7 from Y. The new ratio of X, Y and Z will be :

(1) 7 : 3 : 3	(2) 4 : 2 : 3
(3) 14 : 6 : 15	(4) 29 : 11 : 30

- 14.** **Assertion (A)** : A high operating ratio indicates a favourable position.

**Reasoning (R)** : A high operating ratio leaves a high margin to meet non operating expenses.

**Codes :**

- |   |
|---|
| (1) (A) and (R) both are correct and (R) correctly explains (A) |
| (2) Both (A) and (R) are correct but (R) does not explain (A)   |
| (3) Both (A) and (R) are incorrect                              |
| (4) (A) is correct but (R) is incorrect                         |

- 15.** The following are the two statements regarding concept of profit. Indicate the correct code of the statements being **correct** or **incorrect**.

**Statement (I)** : Accounting profit is a surplus of total revenue over and above all paid-out costs, including both manufacturing and overhead expenses.

**Statement (II)** : Economic or pure profit is a residual left after all contractual costs have been met, including the transfer costs of management, insurable risks, depreciation and payments to shareholders sufficient to maintain investment at its current level.

**Codes :**

- |   |
|---|
| (1) Both the statements are correct.                            |
| (2) Both the statements are incorrect.                          |
| (3) Statement (I) is correct while Statement (II) is incorrect. |
| (4) Statement (I) is incorrect while Statement (II) is correct. |

- 16.** Which one of the following sets is incorrect to show the inter-relationships among price elasticity coefficient, change in price and change in total revenue ?

Price Elasticity Coefficient	Change in Price	Change in Total Revenue
(1) Zero	Increase Decrease	Increase Decrease
(2) Less than 1	Increase Decrease	Decrease Increase
(3) Equal to 1	Increase Decrease	No change No change
(4) More than 1	Increase Decrease	Decrease Increase

- 17.** Which one of the following is not the basic property of indifference curves ?

- |   |
|---|
| (1) Indifference curves have a negative slope.                                |
| (2) Indifference curves of imperfect substitutes are concave to the origin.   |
| (3) Indifference curves do not intersect nor are they tangent to one another. |
| (4) Upper indifference curves indicate higher level of satisfaction.          |

- 18.** When labour is plotted on X-axis and capital is plotted on Y-axis and an iso-quant is prepared, then which of the following statements is/are **false** ?
- Marginal rate of technical substitution of labour for capital is equal to the slope of the iso-quant.
  - Marginal rate of technical substitution of labour for capital is equal to change in the units of capital divided by the change in the units of labour.
  - Marginal rate of technical substitution of labour for capital is the ratio of marginal productivity of capital to marginal productivity of labour.

**Codes :**

- |                            |                        |
|----------------------------|------------------------|
| (1) (a) and (b) statements | (2) Only (c) statement |
| (3) Only (a) statement     | (4) Only (b) statement |

- 19.** Match the items of List-II with the items of List-I and indicate the code of correct matching. The items relate to economies of scale/ scope.

<b>List-I</b>	<b>List-II</b>
(a) Economies of scale	(i) arise with lower average costs of manufacturing a product when two complementary products are produced by a single firm
(b) Internal economies	(ii) Mean lowering of costs of production by producing in bulk
(c) External economies	(iii) Arise when cost per unit depends on size of the firm
(d) Economies of scope	(iv) Arise when cost per unit depends on the size of the industry, not the firm

**Codes :**

- |     |      |       |       |
|-----|------|-------|-------|
| (a) | (b)  | (c)   | (d)   |
| (1) | (ii) | (iv)  | (i)   |
| (2) | (i)  | (ii)  | (iii) |
| (3) | (ii) | (iii) | (iv)  |
| (4) | (iv) | (iii) | (ii)  |

- 20.** A firm that produces highly substitute goods can adopt which one of the following pricing strategies ?

- |                      |                        |
|----------------------|------------------------|
| (1) Transfer pricing | (2) Going Rate pricing |
| (3) Product bundling | (4) Full cost pricing  |

- 21.** In a perfectly competitive market, a firm in the long run operates at the level of output where :

- |                               |                                    |
|-------------------------------|------------------------------------|
| (1) AC = MC when MC is lowest | (2) MC = AR = MR when MC is lowest |
| (3) MR = MC                   | (4) AR = MR = AC = MC              |

- 22.** Assignment of numerals to the objects to represent their attributes is known as :

- |                   |                  |
|-------------------|------------------|
| (1) Nominal data  | (2) Ordinal data |
| (3) Interval data | (4) Ratio data   |

- 28.** Match the items of List-II with the items of List-I and select the code of correct matching.

<b>List-I</b>	<b>List-II</b>
(a) Chi-square Test	(i) Testing the significance of the differences of the mean values among more than two sample groups.
(b) ANOVA (F-test)	(ii) Testing the goodness of fit of a distribution
(c) Z-test	(iii) Testing the significance of the difference of the mean values between two large sized samples
(d) t-test	(iv) Testing the significance of the difference of the mean values between two small sized samples when population standard deviation is not available

**Codes :**

- |     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
|-----|------------|------------|------------|------------|
| (1) | (i)        | (ii)       | (iii)      | (iv)       |
| (2) | (iv)       | (iii)      | (ii)       | (i)        |
| (3) | (i)        | (ii)       | (iv)       | (iii)      |
| (4) | (ii)       | (i)        | (iii)      | (iv)       |

**29.** Match the items of List-II with List-I and choose the correct Codes :

	<b>List-I</b>	<b>List-II</b>
(a)	Sales Executive	(i) Top-middle Management
(b)	Branch Manager	(ii) Middle Management
(c)	Foreman	(iii) Lower Management
(d)	Production Manager	(iv) Operating Force

**Codes :**

- |     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
|-----|------------|------------|------------|------------|
| (1) | (iv)       | (ii)       | (iii)      | (i)        |
| (2) | (ii)       | (iii)      | (iv)       | (i)        |
| (3) | (iii)      | (iv)       | (ii)       | (i)        |
| (4) | (i)        | (ii)       | (iii)      | (iv)       |

**30.** Select the correct code of the statements being correct or incorrect.

**Statement (I) :** It is a significant feature of human that he plans.

**Statement (II) :** A plan is a trap to capture the future.

**Codes :**

- (1) Statement (I) is correct but (II) is incorrect.
- (2) Statement (II) is correct but (I) is incorrect.
- (3) Both the statements (I) and (II) are correct.
- (4) Both the statements (I) and (II) are incorrect.

**31.** **Assertion (A) :** Management is a set of principles relating to its functions.

**Reasoning (R) :** Management is essential to run all types of organizations.

**Codes :**

- (1) (A) and (R) both are correct and (R) is the right explanation of (A).
- (2) (A) and (R) both are correct but (R) is not the right explanation (A).
- (3) Both (A) and (R) are incorrect.
- (4) (A) is correct but (R) is incorrect.

**32.** Match the items of List-II with List-I ; and choose the correct Codes :

	<b>List-I</b>	<b>List-II</b>
	<b>(Critical Control Standards)</b>	<b>(Critical Points)</b>
(a)	Physical standards	(i) Material cost per unit
(b)	Cost standards	(ii) Labour hours per unit of output
(c)	Revenue standards	(iii) Timing of production
(d)	Program standards	(iv) Average sales per customer

**Codes :**

	(a)	(b)	(c)	(d)
(1)	(ii)	(i)	(iv)	(iii)
(2)	(ii)	(i)	(iii)	(iv)
(3)	(i)	(ii)	(iv)	(iii)
(4)	(iv)	(i)	(iii)	(ii)

33. Which among the following is not a correct statement with regard to Corporate Governance in India ?
- (1) Every company must appoint an individual or firm as auditor.  
(2) The independent directors must attend at least three meetings a year.  
(3) One or more women directors are recommended for certain classes of companies.  
(4) The maximum number of permissible directors cannot exceed 15 in a public limited company.
34. The popular statement, - "If all you have is a hammer, everything looks like a nail", is given by :  
(1) A.H. Maslow (Hierarchy of Needs)  
(2) Henry Fayol (Industrial and General Administration)  
(3) F.W. Taylor (Scientific Management)  
(4) Fredrick Herzberg (Hygiene Theory)
35. Functional Leadership Theory is associated with :  
(1) Hackman and Walton and McGrath (2) Bernard and Ordway Tead  
(3) Koontz and O'Donnell (4) Alford and Beatty
36. When two separate companies or two divisions within the same company agree to place both of their respective brands on a particular product or enterprise, this arrangement is termed as :  
(1) Differential Branding (2) Cobranding  
(3) Dual Branding (4) Both Cobranding and Dual Branding
37. The tangible goods for which a consumer wants to compare quality, price and perhaps style in several stores before making a purchase are called :  
(1) Convenience Goods (2) Shopping Goods  
(3) Speciality Goods (4) Unsought Goods
38. When a company treats each single customer as a separate segment, this is called :  
(1) Niche Marketing (2) Nano Marketing  
(3) Single Marketing (4) Micro Market
39. Under which of the following conditions, the level of consumer's involvement will not be high ?  
(1) The consumer considers the amount of money involved to be large.  
(2) The product is seen as having low potential for providing significant benefits.  
(3) The consumer lacks information about alternatives for satisfying the need.  
(4) The product has considerable social importance.

- 40.** Statement (I) : The mindset which is commonly associated with a long - ago era when the demand for goods generally exceeded the supply, and the primary focus in business was to effectively produce medium quantities of products; finding the customers was viewed as a relatively major function.

**Statement (II) :** The firms with product orientation typically focus on the quality and quantity of offerings while assuming that customers will seek out and buy reasonably priced, well made products.

From the above statements indicate the correct code of being statements correct or incorrect  
The statements relate to concepts of marketing.

- (1) Both the statements (I) and (II) are not correct.
- (2) Both the statements (I) and (II) are correct.
- (3) Statement (I) is correct but statement (II) is not correct.
- (4) Statement (I) is not correct but statement (II) is correct.

- 41.** Match the items of List-II with List-I to identify the correct code which are related to legal forces affecting international marketers.

<b>List-I</b>	<b>List-II</b>
(a) Tariff	(i) A regulation specifying the proportion of a finished product's components and labour that must be provided by importing country.
(b) Import Quota	(ii) Tax imposed on product entering a country and used to protect domestic producers and/ or raise revenue.
(c) Local-content Law	(iii) A requirement that a product contain or exclude certain ingredients or that it be tested and certified as meeting certain restrictive standards.
(d) Local-operating Law	(iv) Limiting amount of a particular product that can be brought into a country, to protect domestic industry or broadening access to its markets.
(e) Standards and Certification	(v) A refusal to buy products from a particular company or country.
(f) Boycott	(vi) A constraint on how, when or where retailing can be conducted.

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>
(1)	(iii)	(iv)	(ii)	(i)	(vi)	(v)
(2)	(vi)	(ii)	(i)	(iv)	(iii)	(v)
(3)	(ii)	(iv)	(i)	(vi)	(iii)	(v)
(4)	(iv)	(vi)	(i)	(ii)	(iii)	(v)

- 42.** Match the items of List-II with List-I which are related to personal selling process and identify the correct Codes :

	<b>List-I</b>		<b>List-II</b>
(a)	Prospecting	(i)	Attention, Interest, Desire, Action
(b)	Preapproach	(ii)	Identifying Profiles, leads, Records and Qualifying capability and willingness
(c)	Presentation	(iii)	Reduce Dissonance, Build goodwill
(d)	Post sales services	(iv)	Information, habits, preferences

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
(1)	(i)	(iii)	(iv)	(ii)
(2)	(iii)	(iv)	(ii)	(i)
(3)	(ii)	(iv)	(i)	(iii)
(4)	(iv)	(iii)	(ii)	(i)

- 43.** Which of the following is not an approach to the Capital Structure ?
- |                           |                                    |
|---------------------------|------------------------------------|
| (1) Gross Profit Approach | (2) Net Operating Income Approach  |
| (3) Net Income Approach   | (4) Modigliani and Miller Approach |
- 44.** Which one of the following methods of Capital Budgeting assumes that cash-inflows are reinvested at the projects rate of return ?
- |                             |                                |
|-----------------------------|--------------------------------|
| (1) Net Present Value       | (2) Accounting Rate of Return  |
| (3) Internal Rate of Return | (4) Discounted Pay Back Period |
- 45.** Cost of Equity Share Capital is more than cost of Debt because :
- (1) Equity shares are not easily saleable.
  - (2) Equity shares do not provide the fixed dividend rate.
  - (3) Generally the face value of equity shares is less than the face value of debentures.
  - (4) Equity shares have high risk than debts.
- 46.** Negative Net Working Capital implies that :
- (1) Long-term funds have been used for fixed assets.
  - (2) Short-term funds have been used for fixed assets.
  - (3) Long-term funds have been used for current assets.
  - (4) Short-term funds have been used for current assets.
- 47.** Which of the following is an implicit cost of increasing proportion of debt of a company ?
- (1) P.E. Ratio of the company would increase.
  - (2) Rate of return of the company would decrease.
  - (3) Tax-shield would not be available on new debts.
  - (4) Equity shareholders would demand higher return.
- 48.** Profitability Index of a Project is the ratio of present value of cash inflows to :
- |                                    |                                     |
|------------------------------------|-------------------------------------|
| (1) Total cash inflows             | (2) Total cash outflows             |
| (3) Present value of cash outflows | (4) Initial cost minus depreciation |

49. Which one of the following statements is false ?
- (1) Effective dividend policy is an important tool to achieve the goal of wealth maximisation.
  - (2) According to Walter, the optimal payout ratio for a growth firm is 100%.
  - (3) MM model asserts that the value of the firm is not affected whether the firm pays dividend or not.
  - (4) 'Bird-in-the-hand theory' in reference to dividend decision has been developed by Myron Gordon.
50. Which one of the following statements defines the correct meaning of the term "boundary spanning" ?
- (1) It refers to an obligation of an individual, firm or institution to account for its activities and accept responsibility for them.
  - (2) It refers to the process that helps the organization and its employees to link with their external environment through specific activities/ functions.
  - (3) It refers to the science of morals, principles and rules of conduct.
  - (4) It refers to multiculturalism management.
51. The VRIO framework, used in HR function in today's era, refers to four criteria. Identify the correct code which stands as correct explanation to VRIO as proposed by Barney.
- (1) Valence - Recruiting - Industrial relations - Opportunities
  - (2) Vision - Rewards - Improvements - Options
  - (3) Value - Rarity - Imitability - Organization
  - (4) Versatile - Resource - Information - Outsourcing
52. **Assertion (A) :** Induction is an informal information sharing session on miscellaneous issues in an organization.  
**Reasoning (R) :** The rationale of induction is to ensure effective integration of staff into or across the organization for their mutual benefit.
- Codes :**
- (1) Assertion (A) and Reasoning (R) both are correct and (R) is correct explanation of (A).
  - (2) Assertion (A) and Reasoning (R) both are correct but (R) is not the correct explanation of (A).
  - (3) Assertion (A) is correct statement but Reasoning (R) is an incorrect statement.
  - (4) Assertion (A) is an incorrect statement but Reasoning (R) is a correct statement.
53. Match the items of List-II with the items of List-I pertaining to the ranking methods used in performance management systems ; and select the code of correct matching.
- | <b>List-I : (Ranking methods)</b> | <b>List-II : (Methodology)</b>                                       |
|-----------------------------------|--|
| (a) Simple ranking                | (i) Based on overall performance.                                    |
| (b) Alternation ranking           | (ii) Ends up with predetermined number of people in each group.      |
| (c) Paired comparison             | (iii) Based on particular trait only for quantity/ quality of work.  |
| (d) Forced distribution           | (iv) Based on a trait or a set of trait and avoids central tendency. |

**Codes :**

	(a)	(b)	(c)	(d)
(1)	(ii)	(iii)	(iv)	(i)
(2)	(i)	(iv)	(iii)	(ii)
(3)	(iv)	(ii)	(i)	(iii)
(4)	(iii)	(i)	(ii)	(iv)

**54.** **Assertion (A) :** Compensation has two vital domains economic concept and psychological concept.

**Reasoning (R) :** Compensation basically represents an employment contract.

**Codes :**

- (1) (A) is correct and (R) is right explanation of (A).
- (2) (A) is correct but (R) is not the right explanation of (A).
- (3) (A) is correct but (R) is incorrect.
- (4) (A) is incorrect but (R) is correct.

**55.** Which of the following is not the primary objective of industrial relations and labour laws ?

- (1) Maintaining social equity
- (2) Providing credit facilities to industries
- (3) International uniformity
- (4) Promoting economic growth

**56.** **Assertion (A) :** In real terms, workers' participation in management has failed in India.

**Reasoning (R) :** There is lack of attitudinal change, multiplicity of unions and absence of a procedure to determine a sole bargaining agent in an organization.

**Codes :**

- (1) (A) is correct and (R) is correct explanation of (A).
- (2) (A) is correct but (R) is not the correct explanation of (A).
- (3) (A) is correct but (R) is incorrect.
- (4) (A) is incorrect but (R) is correct.

**57.** Which one of the following is not the function of NABARD ?

- (1) To provide refinance assistance by way of short term credit to state cooperative banks and sectoral rural banks, etc., approved by the RBI for some specific purposes.
- (2) To undertake inspection of cooperative societies other than primary cooperative societies and RRBs.
- (3) To promote research in various aspects of the problems of urban development.
- (4) To subscribe to share capital or invest in securities of any institution concerned with agricultural and rural development.

**58.** Which one of the following financial institutions co-ordinates the functions and operations of all the financial institutions into a single integrated financial structure so that each may contribute to the growth of the economy ?

- (1) IFCI
- (2) UTI
- (3) IDBI
- (4) SIDBI

59. **Assertion (A) :** The Reserve Bank of India is entrusted with the management of the public debt and issue of new loans and treasury bills on behalf of the central and state Governments.

**Reasoning (R) :** The Governor and the Deputy Governors of Reserve Bank of India are appointed by the Central Government.

**Codes :**

- (1) (A) is correct but (R) is not correct.
- (2) (A) and (R) both are correct but (R) is not the right explanation of (A).
- (3) (A) and (R) both are correct and (R) is the right explanation of (A).
- (4) (A) and (R) both are not correct.

60. \_\_\_\_\_ refers to the process of removing or stripping the legal status of a currency.

- (1) Digitisation
- (2) Financial Inclusion
- (3) Demonetisation
- (4) Micro finance

61. Which one of the following is not the objective of UTI ?

- (1) To mobilise savings of the community by offering savers the triple benefits of safety, liquidity and profitability of Investments.
- (2) To channelise the pooled savings into productive outlets.
- (3) To provide finance under hire purchase finance and housing finance to its members.
- (4) To give every one a chance to indirectly own shares and securities in a large number of select companies.

62. Which one of the following is the main objective of IFCI ?

- (1) To offer both small and large investors the means of acquiring shares in the widening prosperity resulting from the steady industrial growth of the country.
- (2) To upgrade technology, modernization and to promote marketing of products of small scale sector.
- (3) To serve as the apex institution for term finance for industry with coordination, regulation and supervision of the working of other financial institution.
- (4) To provide medium and long term financial assistance to industrial undertakings, particularly in those circumstances in which banking accommodation is inappropriate or resource to capital market is impracticable.

63. Match the items of List-II with the items of List-I and indicate the correct Codes :

List-I	List-II
(a) Term finance	(i) Providing finance to new or existing industrial units for encouraging commercial application of technology/expansion.
(b) Refinance	(ii) Delivering of banking services at affordable cost to the vast sections of disadvantaged and low income groups.
(c) Financial inclusion	(iii) Providing replenishment finance to eligible institutions for their loans to industrial concerns.
(d) Venture capital	(iv) Providing finance to the borrowers for expansion and "modernization of plant and equipment.

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
(1)	(i)	(ii)	(iii)	(iv)
(2)	(i)	(ii)	(iv)	(iii)
(3)	(iv)	(iii)	(ii)	(i)
(4)	(iv)	(iii)	(i)	(ii)

- 64.** **Assertion (A) :** An export processing zone is different from free trade zone as it promotes units primarily devoted to exports.

**Reasoning (R) :** Goods imported to a free trade zone may be re-exported without any processing, in the same form. But, goods exported by units in an EPZ are expected to have undergone some value addition by manufacturing/ processing.

**Codes :**

- (1) (A) is correct and (R) is correct explanation of (A).
- (2) (A) is correct but (R) is not the correct explanation of (A).
- (3) (A) is correct but (R) is incorrect.
- (4) (A) is incorrect but (R) is correct.

- 65.** Match the items of List-II with the items of List-I relating to liberalisation of agricultural trade.

<b>List-I</b>		<b>List-II</b>	
(a)	Tarification	(i)	They have demonstrably adverse effects on other member countries.
(b)	Prohibited subsidies	(ii)	They act on goods which are contingent upon export performance.
(c)	Actionable subsidies	(iii)	Replacement of existing non-tariff restrictions.
(d)	Non-actionable subsidies	(iv)	For industrial research in disadvantaged regions.

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
(1)	(ii)	(iii)	(i)	(iv)
(2)	(iv)	(i)	(ii)	(iii)
(3)	(iii)	(ii)	(i)	(iv)
(4)	(ii)	(iv)	(iii)	(i)

- 66.** Match the items of List-II and with the items of List-I relating to WTO impact :

<b>List-I</b>		<b>List-II</b>	
(a)	NAMA	(i)	Liberalisation of international investments.
(b)	GATTs	(ii)	Includes industrial goods, textile, jewellery, fish and fisheries product manufacturing industries.
(c)	TRIMs	(iii)	Liberalisation of trade in goods and services.
(d)	TRIPs	(iv)	Provides monopoly power to owners of intellectual property.

**Codes :**

	(a)	(b)	(c)	(d)
(1)	(ii)	(i)	(iv)	(iii)
(2)	(iv)	(ii)	(iii)	(i)
(3)	(ii)	(iii)	(i)	(iv)
(4)	(iii)	(ii)	(iv)	(i)

67. Indicate the correct code of the following statements being correct or incorrect. The statements relate to the type of transactions recorded in the current/ capital accounts of the Balance of Payments.

**Statement (I) :** The capital account consists of long-term capital transactions only.

**Statement (II) :** The current account includes all transactions which give rise to or use up national income.

**Codes :**

- (1) Both the statements are correct.
- (2) Both the statements are incorrect.
- (3) Statement (I) is correct while Statement (II) is incorrect.
- (4) Statement (I) is incorrect while Statement (II) is correct.

68. Select the correct code of the following statements being correct or incorrect.

**Statement (I) :** International liquidity encompasses the international reserves only.

**Statement (II) :** International liquidity covers only official holdings of gold, foreign exchange, SDRs and reserve position in the IMF available for the settlement of the international transactions.

**Codes :**

- (1) Both the statements are correct.
- (2) Both the statements are incorrect.
- (3) Statement (I) is correct while Statement (II) is incorrect.
- (4) Statement (I) is incorrect while Statement (II) is correct.

69. Match the items of List-II with the items of List-I and select the code of correct matching. The items relate to International Trade Theories.

	List-I		List-II
(a)	Comparative Cost Theory	(i)	Adam Smith
(b)	Opportunity Cost Theory	(ii)	Gottfried Haberler
(c)	Factor Endowment Theory	(iii)	David Ricardo
(d)	Absolute Cost Theory	(iv)	Eli Heckscher and Bertil Ohlin

**Codes :**

	(a)	(b)	(c)	(d)
(1)	(i)	(ii)	(iii)	(iv)
(2)	(iii)	(ii)	(iv)	(i)
(3)	(iv)	(iii)	(ii)	(i)
(4)	(i)	(iv)	(iii)	(ii)

70. Which one of the following is not the guiding principle of the World Bank regarding its lending operations ?
- Proper assessment of the repayment prospects of loans.
  - Lending should be only for specific projects which are economically and technically sound and of a high priority nature.
  - The lending should be to enable a country to meet foreign exchange content of the project cost.
  - The bank does expect the borrowing country to spend the loan in a particular country.
71. Total return on a security is equal to the following :
- $$\frac{\text{Periodic cash receipts} + \text{Capital gains}}{\text{Purchase Price of the security}}$$
  - $$\frac{\text{Periodic cash receipts} + \text{Capital gains}}{\text{Current Market Price of the security}}$$
  - $$\frac{\text{Periodic cash receipts}}{\text{Current Market price of the security}}$$
  - $$\frac{\text{Periodic cash receipts} - \text{Capital gains}}{\text{Purchase Price of the security}}$$
72. Risk of a portfolio can be minimised by which one of the following ?
- Combining two securities having perfect positive correlation in their expected returns.
  - Combining two securities having perfect negative correlation in their expected returns.
  - Combining two securities having partially positive correlation in their expected returns.
  - Combining two securities having partially negative correlation in their expected returns.
73. The certificate which evidences an unsecured corporate debt of short-term maturity, is known as :
- |                            |                                 |
|----------------------------|---------------------------------|
| (1) Certificate of Deposit | (2) Short-term loan certificate |
| (3) Treasury Bill          | (4) Commercial paper            |
74. Which of the following statements are false ? Indicate the correct code.
- Grey market is a market for dealing in listed securities.
  - OTCEI is mainly intended for big investors.
  - Insider Trading is legally permitted in the capital market.
  - The device adopted to make profit out of the differences in prices of a security in two different markets is called 'arbitrage'.

**Codes :**

- |                        |                   |
|------------------------|-------------------|
| (1) (a), (b), (c)      | (2) (a), (b), (d) |
| (3) (a), (b), (c), (d) | (4) (b), (c), (d) |

- 75.** Which of the following statements are false ? Indicate the correct code.

  - (a) Share capital issued by a company for the first time is known as venture capital.
  - (b) All Venture Capital Funds in India are promoted by the Government.
  - (c) In addition to capital, venture capitalists provide managerial and technical support also to the assisted firms.
  - (d) Benefits from venture capital financing can be realised in long run only.

## **Codes :**

- (1) (a), (b) and (d) (2) (a) and (b)  
(3) (b), (c) and (d) (4) (c) and (d)

- 76.** Match the items of List-II with the items of List-I and select the correct Codes :

<b>List-I</b>	<b>List-II</b>
(a) Liquidity Risk	(i) Risk related to purchasing power of Income.
(b) Business Risk	(ii) Risk related to Firm's capital structure.
(c) Financial Risk	(iii) Risk related to inability to pay its dues on time.
(d) Inflation Risk	(iv) Risk related to fluctuation in profits.

## **Codes :**

- |     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
|-----|------------|------------|------------|------------|
| (1) | (ii)       | (iii)      | (iv)       | (i)        |
| (2) | (i)        | (iv)       | (iii)      | (ii)       |
| (3) | (iii)      | (ii)       | (iv)       | (i)        |
| (4) | (iii)      | (iv)       | (ii)       | (i)        |

- 77. Statement (I) :** Designing a distribution system for a service (for-profit or non-business context) involves to select the parties only through which ownership pass.

**Statement (II) :** The ownership channel for most of the services is long and quite complex because of inseparability characteristic.

**Statement (III)**: Short channels usually mean more control on the part of the seller.

Identify the correct code of being the statements correct or incorrect. These statements relate to channel strategies of products/ services

13. Which one of the following statements about the three channel strategies of products/ services is correct?

  - (1) Statements (I) and (II) are correct but (III) is not correct.
  - (2) Statements (I) and (III) are correct but (II) is not correct.
  - (3) Statements (I) and (II) are not correct but (III) is correct.
  - (4) Statements (I), (II) and (III) all are not correct.

- 78.** An enormous collection of data on various topics from a variety of internal and external sources, compiled by a firm for its own use or for use by its clients, is called :

- |                 |                    |
|-----------------|--------------------|
| (1) Data-base   | (2) Data warehouse |
| (3) Data mining | (4) M.I.S.         |

- 79. Statement (I) :** A form of non-store retailing that uses advertising to contact consumers who, in turn, purchase products without visiting a retail store is called Direct selling.

**Statement (II) :** A form of non-store retailing in which personal contact between a sales person and a consumer occurs away from a retail store is called Direct Marketing.

In the light of above statements, identify the correct code of statements being correct, incorrect

- In the light of above statements, identify the correct code of statement.

  - (1) Statement (I) is correct but Statement (II) is not correct.
  - (2) Statement (I) is not correct but Statement (II) is correct.
  - (3) Both the statements are correct.
  - (4) Both the statements are not correct.

80. 34% of the customers who fall in one of the categories of diffusion process who are deliberate customers to accept an innovation just before the average adopter in a social system. Such customers who are above average in social and economic measures, rely quite a bit on advertisements and salesmen are known as :

- |                    |                    |
|--------------------|--------------------|
| (1) Early Adopters | (2) Early Majority |
| (3) Late Majority  | (4) Late Adopters  |

81. The G. E. Business Model is explained on which one of the following parameters ?

- |  |
|--|
| (1) Market Attractiveness and Business Position.     |
| (2) Business Attractiveness and Market Position.     |
| (3) Industry Growth rate and Company's Market share. |
| (4) Company's Growth rate and Industry's Position.   |

82. A reduction from the list price that is offered by a seller to buyers in payment for marketing functions the buyers will perform is known as :

- |                    |  |
|--------------------|--|
| (1) Trade Discount | (2) Functional Discount                |
| (3) Cash Discount  | (4) Both Trade and Functional Discount |

83. Match the items of List-II with the items of List-I relating to Personnel Management (PM) and Human Resource Management (HRM); and select the code of correct matching.

**List-I**

- |                       |
|-----------------------|
| (a) Focus of PM       |
| (b) Focus of HRM      |
| (c) Philosophy of PM  |
| (d) Philosophy of HRM |

**List-II**

- |  |
|--|
| (i) Development attitude by making people contribute their best. |
| (ii) Exercising it as a functional area of management.           |
| (iii) Exercising it as humane management.                        |
| (iv) Profit maximization by controlling people.                  |

**Codes :**

- |     |            |            |            |            |
|-----|------------|------------|------------|------------|
|     | <b>(a)</b> | <b>(b)</b> | <b>(c)</b> | <b>(d)</b> |
| (1) | (ii)       | (iii)      | (iv)       | (i)        |
| (2) | (iii)      | (ii)       | (i)        | (iv)       |
| (3) | (iv)       | (i)        | (ii)       | (iii)      |
| (4) | (i)        | (iii)      | (iv)       | (ii)       |

84. Select the correct code of the following statements being correct or incorrect.

- I. Strategic HRM focuses on specific organizational intentions about what needs to be done while HR strategies focus on long-term issues only.
- II. Strategic HRM focuses on macro concerns such as structure and culture while HR strategy focuses on specific issues assigned.
- III. Human Resource strategy decisions are derived from strategic HRM.

**Codes :**

- |   |
|---|
| (1) Statements I and II are correct while III is incorrect. |
| (2) Statements II and III are correct while I is incorrect. |
| (3) Statements I and III are correct while II is incorrect. |
| (4) All the statements are correct.                         |

- 85.** Which of the following code represents the full form of the term “BARS” in performance management systems ?
- Business Appraisal and Rating Systems.
  - Balanced Assessment Reviewing Scorecard.
  - Behaviourally Anchored Rating Scale.
  - Benchmarking Appraisal Reviewing Strategy.
- 86.** Match the items of List-II with the items of List-I relating to training, and select the code of correct matching.

<b>List-I</b>	<b>List-II</b>
(a) Andragogy	(i) Strategies or styles of instructions
(b) Pedagogy	(ii) Ultimate knowledge level with which trainee leaves the training sessions
(c) Terminal behaviour	(iii) Lack of commitment of management and scarcity of resources in training
(d) Training impediments	(iv) Art and Science of training the adults

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
(1)	(i)	(iv)	(iii)	(ii)
(2)	(ii)	(iii)	(i)	(iv)
(3)	(iv)	(i)	(ii)	(iii)
(4)	(iii)	(ii)	(iv)	(i)

- 87.** Which of the following statements does not stand as a principle of compensation administration ?
- An enterprise should have a clear-cut plan to determine differential pay level in terms of divergent job requirements.
  - People and jobs should never be mingled.
  - The compensation system should be designed with subjectivity with respect to individual skill sets exercised from time to time.
  - There should be established wage grievance handling procedures.
- 88.** Match the items of List-II with the items of List-II relating to industrial relations and select the code of correct matching.

<b>List-I</b>	<b>List-II</b>
(a) Healthy labour-management relations	(i) Industrial Disputes Act
(b) Industrial Peace Law	(ii) Guiding principles for a grievance procedure
(c) Industrial Democracy	(iii) Workers' participation in management
(d) National Commission on Labour, 1969	(iv) Voluntary arbitration and responsible trade union

**Codes :**

	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
(1)	(iv)	(i)	(iii)	(ii)
(2)	(ii)	(iii)	(iv)	(i)
(3)	(iii)	(i)	(iv)	(ii)
(4)	(ii)	(iv)	(i)	(iii)

- 90.** **Assertion (A) :** The Government of India has been opening up domestic market to foreign players in baby steps.

**Reasoning (R) :** Allowing foreign firms free play in India's retail sector has always been a political hot potato.

## **Codes :**

- (1) (A) and (R) both are correct; and (R) is the right explanation of (A).  
(2) (A) and (R) both are correct; but (R) is not the right explanation of (A).  
(3) (A) and (R) both are incorrect.  
(4) (A) is correct; but (R) is incorrect.

- 91.** Select the correct code of the following statements being correct or incorrect.

**Statement (I) :** A Global Depository Receipt (GDR) is a bank certificate issued in more than one country for shares in a foreign company.

**Statement (II) :** A GDR is very similar to American Depository Receipt (ADR)

**Statement (III) :** GDRs are called EDRs when private markets are attempting to obtain Euros.

## **Codes :**

- (1) Statements (I), (II) and (III) are correct.  
(2) Statements (I) and (II) are correct but (III) is incorrect.  
(3) Statements (I) and (III) are correct but (II) is incorrect.  
(4) Statements (II) and (III) are correct but (I) is incorrect.

- 92.** In December 1999, European commission members signed a treaty that committed them to adopting a common currency known as Euro. This is better known as :



- 93.** Select the correct code of the following statements being correct or incorrect.

**Statement (I) :** The 'law of one price' states that in competitive markets free of transportation costs and barriers to trade, identical products sold in different countries must sell for the same price when their price is expressed in terms of the same currency.

**Statement (II) :** An 'Efficient market' has no impediments to the free flow of goods and services, such as trade barriers.

### **Codes :-**

- (1) Statement (I) is correct but (II) is incorrect.
  - (2) Statement (II) is correct but (I) is incorrect.
  - (3) Both statements (I) and (II) are correct.
  - (4) Both statements (I) and (II) are incorrect.

94. Which among the following is not a correct statement regarding patent ?
- A patent is a legal protection granted for an invention that is new, non-obvious and useful.
  - The patent grants the patent holder the exclusive right to make use or sell the patented products or process.
  - The exclusive purpose of the patent system is to benefit the patent holder.
  - The Indian Patent Act, 1970, was amended and made effective from January 1, 2005.
95. Which one of the following is agricultural income under the Income Tax Act, 1961 ?
- Interest on arrears of rent in respect of agricultural land.
  - Interest received by a money-lender in the form of agricultural produce.
  - Income from sale of trees of forest which are of spontaneous growth and in relation to which forestry operations alone are performed.
  - Interest on capital received by a partner from the firm engaged in agricultural operations.
96. Under the Income Tax Act, 1961 "block of assets" for the purpose of charging depreciation means :
- Value of all the assets after depreciation
  - Value of all tangible assets after charging depreciation
  - Value of all those assets to which one rate of depreciation is applicable
  - Gross value of machinery and plant less accumulated depreciation
97. The maximum amount of exemption of compensation received at the time of voluntary retirement U/S 10(10C) of the Income Tax Act, 1961, is :
- |                |                 |
|----------------|-----------------|
| (1) ₹ 1,00,000 | (2) ₹ 2,50,000  |
| (3) ₹ 5,00,000 | (4) ₹ 10,00,000 |
98. Which one of the following statements is not correct with reference to the assessment of firms ?
- All partnership firms formed under the Indian Partnership Act, 1932, are assessed as firms under the Income Tax Act, 1961.
  - Income of a firm is taxable at a flat rate of 30% without any exemption.
  - Partners' share in the income of a firm is not chargeable to tax in the hands of partners.
  - Remuneration paid to partners of a firm (assessed as such) is allowed as deduction subject to statutory limit.
99. The due date of first instalment of advance tax by assessees other than companies is :
- |                                |                               |
|--------------------------------|-------------------------------|
| (1) 15 <sup>th</sup> April     | (2) 15 <sup>th</sup> June     |
| (3) 15 <sup>th</sup> September | (4) 15 <sup>th</sup> December |
100. Which one of the following items is not allowed as deduction while computing income from business and profession ?
- Fees paid to the lawyer for drafting partnership deed
  - Loss due to embezzlement by an employee
  - Legal expenses paid to protect the building of the business
  - Cost of installing a new telephone

**ANSWER KEY**

1	2	3	4	5	6	7	8	9	10
2	2	4	3	1	2	1	1	4	1
11	12	13	14	15	16	17	18	19	20
3	3	4	3	1	2	2	2	3	2
21	22	23	24	25	26	27	28	29	30
4	1	3	3	1	1	4	4	1	3
31	32	33	34	35	36	37	38	39	40
2	1	2	1	1	4	2	4	2	4
41	42	43	44	45	46	47	48	49	50
3	3	1	3	4	2	4	3	2	2
51	52	53	54	55	56	57	58	59	60
3	4	2	2	1	3	3	3	2	3
61	62	63	64	65	66	67	68	69	70
3	4	3	1	3	3	4	4	2	4
71	72	73	74	75	76	77	78	79	80
1	2	4	1	2	4	3	2	4	2
81	82	83	84	85	86	87	88	89	90
1	4	3	2	3	3	3	1	4	2
91	92	93	94	95	96	97	98	99	100
1	9	3	3	4	3	3	1	2	1

**Note :** 9 = The marks have been awarded to all the Candidates against the question(s)



## SOLUTIONS

1. (2) The central Bank can significantly influence the saving, investment and consumer spending in the economy through monetary Policy.

The RBI implements the monetary policy through open market operations, bank rate policy, reserve system, credit control policy, moral persuasion and through many other instruments. Using any of these instruments will lead to changes in the interest rate, or the money supply in the economy. Monetary policy can be expansionary and contractionary in nature. Increasing money supply and reducing interest rates indicate an expansionary policy. The reverse of this is a contractionary monetary policy.

2. (2) **10 Important Characteristics of Capitalism**

The following are the important characteristics of capitalism :

1. **Free Enterprise Economy** : Capitalism is also called as free enterprise economy. This is because under capitalist system, individuals and private firms have the right to own and use property. They have the right to earn, save and spend incomes also. They are allowed to obtain resources, to organize production and to sell the products in any manner they like and to any one. Here, there will not be Government or any other restrictions on the freedom and ability of the private individuals to carry out any business. Hence there is full freedom of enterprise regarding choice of work, occupation and enterprise.
2. **Private Ownership** : Under capitalist economy, the factors of production like labor, land, capital and organization are privately owned. Private property is protected, controlled and enforced by law. Individuals have the right to own property and also free to use it as they like.
3. **Freedom to Choose Occupation** : In a capitalist economy, a person is free to select any occupation. This freedom of choice enables the individuals to enter the field in which they have knowledge and purchase the property, which yields maximum profit. This type of freedom enables the businessmen to earn profit from their business. More resources flow into those areas where yield is more.
4. **Market Mechanism** : The market mechanism is the most important characteristic feature of capitalist economy. It is also called as price mechanism. Under capitalist economy, profit, which is related with market mechanism, guides the allocation of resources. Under this system the whole economic system moves in and around the market mechanism. This system suffers from lack of proper planning for distribution of economic resources and co-ordination between production and consumption. Price mechanism determines the level of consumption, production and distribution. It is acting as the regulating mechanism in capitalist society.
5. **Consumers' Sovereignty** : Under capitalist economy consumers have complete freedom to choose what to purchase. Consumer is the king of the market under capitalism. Manufacturers consider consumers' demand, taste, preference etc. while producing goods.
6. **Freedom to Save and Spend** : Under capitalism, it is also the feature that consumer has liberty to dispose of his personal income in any way he likes. At a particular time, he may spend even more than what he earns. He may save his income and can give loan to anyone.

7. **Competition Among Sellers** : Competition among sellers is another feature of capitalist system. The competition among producers makes them to make best use of factors of production and produce goods at minimum cost. They try to excel others. Therefore, in a free market economy competition is considered as an essential feature to protect the consumers, and to maintain a flexible price system.
  8. **Freedom to Enter into Contracts** : Under capitalist economy, people are free to enter into contracts. Every person is free to sell his goods or render services to any one he likes.
  9. **Inheritance** : The right to give or acquire property in inheritance is allowed in capitalism.
  10. **No Central Plan** : Under the capitalist economy there is no central plan to guide and control the activities of various business concerns. It is the market forces, which influence the resource allocation, investment decisions etc. and not the Government under the capitalist economy.
3. (4) **Objectives of New Industrial Policy, 1991**
1. To liberalise the economy
  2. To increase employment opportunities
  3. To encourage foreign assistance and co-partnership
  4. To make the Public Sector more competitive
  5. To increase the production and productivity, give encouragement to industries
  6. To liberate the economy from various government restrictions
  7. Industrial development of backward areas
  8. To give liberty to private sector to work independently
  9. To make development for modern competitive economy
  10. To give encouragement for expansion of production capacity
  11. To increase exports and liberalize (facilitate) imports.
4. (3) The rules, regulations and bye-laws for the internal management of the company. It is form part of the of the important information to be incorporated in the Article of Association as specified in the companies Act 2013.
5. (1) Both (A) and (R) are correct and (R) is the right explanation of (A).
6. (2) Consumers should accept consumerism as a means of asserting and enjoying their rights. Consumerism should succeed in making the business and the government more responsive to the rights of the consumers. Consumerism is a social force to make the business more honest, efficient, responsive and responsible, and pressurize the government to adopt the necessary measures to protect consumer interests by guaranteeing their legitimate rights. Consumerism evolution is not a set-back for marketing but rather points to the next stage in the evolution of enlightened marketing.
7. (1) Five year Planning approach is not covered in the approach adopted by Niti Aayog. Niti Ayog initiatives include "15 year road map", "7-year vision, strategy and action plan", AMRUT, Digital India, Atal innovation Mission, Medical Education Reform, Agricultural reforms (Model Land Leasing Law, Reforms of the Agricultural Produce Marketing Committee Act, Agricultural Marketing and Farmer Friendly Reforms Index for ranking states), Indices Measuring States' Performance in Health, Education and Water Management, Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes, Sub-Group of Chief Ministers on Swachh Bharat Abhiyan, Sub-Group of Chief Ministers on Skill Development, Task Forces on Agriculture and Elimination of Poverty, and Transforming India Lecture Series.

8. (1) Both (A) and (R) are correct and (R) is the correct explanation of (A).
9. (4) Financing activities relate to long-term funds or capital of an enterprise, e.g., cash proceeds from issue of equity shares, debentures, raising long-term bank loans, repayment of bank loan, etc.
10. (1) Standard costs are based on scientific analysis and engineering studies while estimated costs are based on historical basis.
11. (3) Wages paid for installation of a new machine is usually debited to wages account. It is Part of Cost of Machine and Debited to Machinery account.
12. (3) 25
13. (4) 29 : 11 : 30

Z Ratio = 3/7

X new Ratio = Old share – Share Surrendered

$7/10 - 2/7 = 29/70$

Y new Ratio =  $3/10 - 1/7 = 11/70$

Z Ratio  $3/7 \times 10/10 = 30/70$

29 : 11 : 30

14. (3) Both (A) and (R) are incorrect.

15. (1) Both the statements are correct.

16.	(2)	Price Elasticity Coefficient	Change in Price	Change in Total Revenue
		Less than 1	Increase Decrease	Decrease Increase

Change in The Market	Total Revenue
Ped is inelastic (< 1) and a firm raises its price.	Total revenue increases
Ped is elastic (> 1) and a firm lowers its price.	Total revenue increases
Ped is elastic (> 1) and a firm raises price	Total revenue decreases
Ped is unit elastic (= 1) and a firm raises price	Total revenue remains the same
Ped is – 1.5 (elastic) and the firm raises price by 4%	Total revenue decreases

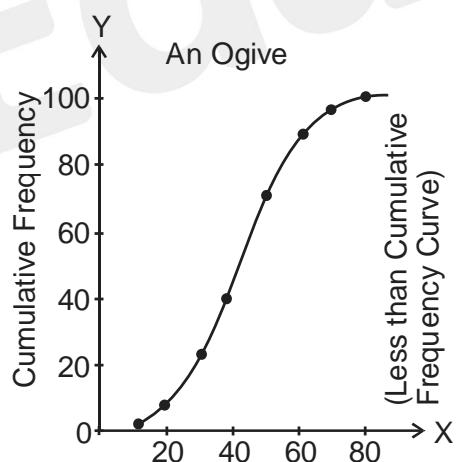
17. (2) Indifference curves of imperfect substitutes are concave to the origin is not the basic property of Indifference curve.

#### Basic Property of Indifference Curves

- (1) Indifference Curves are Negatively Sloped
- (2) Higher Indifference Curve Represents Higher Level
- (3) Indifference Curve are Convex to the Origin:
- (4) Indifference Curve Cannot Intersect Each Other
- (5) Indifference Curves do not Touch the Horizontal or Vertical Axis

18. (2) Marginal rate of technical substitution of labour for capital is equal to change in the units of capital divided by the change in the units of labour is incorrect statement.

- 19.** (3) **List-I**
- (a) Economies of scale
  - (b) Internal economies
  - (c) External economies
  - (d) Economies of scope
- List-II**
- (ii) Mean lowering of costs of production by producing in bulk
  - (iii) Arise when cost per unit depends on size of the firm
  - (iv) Arise when cost per unit depends on the size of the industry, not the firm
  - (i) arise with lower average costs of manufacturing product when two complementary products are produced by a single firm
- 20.** (2) A firm that Produces highly substitute goods can adopt Going Rate Pricing Strategies. The Going-Rate Pricing is a method adopted by the firms wherein the product is priced as per the rates prevailing in the market especially on par with the competitors.
- 21.** (4)  $AR = MR = AC = MC$   
 Perfect Competition market a firm in the long run operates at the level of output equilibrium ( $AR = MR = AC = MC$ )  
 Where normal profits are made, as  $AR = AC$ , at the profit maximizing level of output ( $MR = MC$ ).
- 22.** (1) Nominal data simply names something without assigning it to an order in relation to other numbered objects or pieces of data. An example of nominal data might be a "pass" or "fail" classification for each student's test result. Nominal data provides some information about a group or set of events, even if that information is limited to mere counts.
- 23.** (3)



A curve that represents the cumulative frequency distribution of grouped data on a graph is called a Cumulative Frequency Curve or an Ogive. Representing cumulative frequency data on a graph is the most efficient way to understand the data and derive results.

- 24.** (3) In the case of classification of data, the class having its upper limit is treated as the lower limit of its next class is called Exclusive class.

For example :

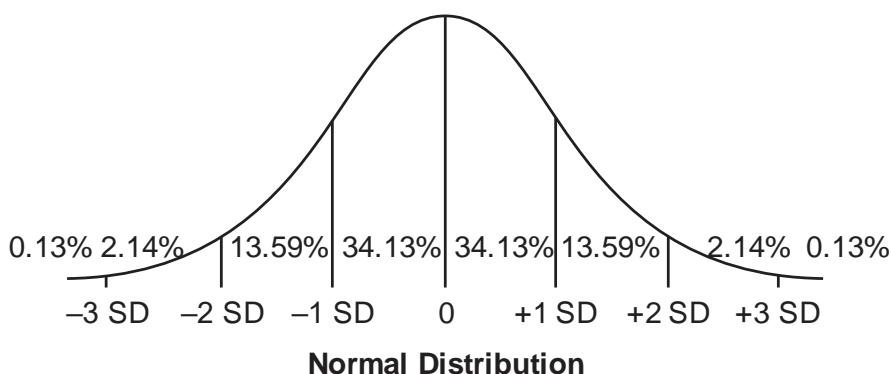
0-10, 10-20, 20-30, 30-40 etc...

If for example 20-30 is modal class,

$$L = 20 - 0$$

$$L = 20.$$

- 25.** (1) In particular, the normal distribution with  $\mu = 0$  and  $\sigma = 1$  is called the standard normal distribution, and is denoted as  $N(0,1)$ . It can be graphed as follows



- | <b>26.</b> (1) | <b>List-I</b>   | <b>List - II</b>   |
|----------------|---|--|
| (a)            | Standard error of mean  | (i) Standard deviation of the sampling distribution of mean  |
| (b)            | Base of point estimate of   | (ii) Mean of the sampling distribution of mean   |
| (c)            | Non-specific hypothesis   | (iii) $H_a : \mu_1 \neq \mu_2$   |
| (d)            | Parameter value of descriptive statistics   | (iv) Values based on all the observations of the mean of the population the population   |
| <b>27.</b> (4) | There is a very high inverse relationship between measures of 'Overweight' and 'life expectancy'. – 0.80 value of the coefficient of correlation( $r$ ) is consistent with statement. |  |
| <b>28.</b> (4) | <b>List-I</b>   | <b>List-II</b>   |
| (a)            | Chi-square Test   | (i) Testing the goodness of fit of a distribution  |
| (b)            | ANOVA (F-test)  | (ii) Testing the significance of the difference of the mean values Among more than two sample groups.  |
| (c)            | Z - test  | (iii) Testing the significance of the difference of the mean values between two large sized samples  |
| (d)            | t - test  | (iv) Testing the significance of the difference of the mean values between two small sized samples when population standard deviation is not available |
| <b>29.</b> (1) | <b>List-I</b>   | <b>List-II</b>   |
| (a)            | Sales Executive   | (i) Operating Force  |
| (b)            | Branch Manager  | (ii) Middle Management   |
| (c)            | Foreman   | (iii) Lower Management   |
| (d)            | Production Manager  | (iv) Top Middle Management   |
| <b>30.</b> (3) | Both the statements (I) and (II) are correct  |  |
| <b>31.</b> (2) | (A) and (R) both are correct; but (R) is not the right explanation (A)  |  |

- 32.** (1) **List-I**  
**(Critical Control Standards)**
- (a) Physical standards
  - (b) Cost standards
  - (c) Revenue standards
  - (d) Program standards
- List-II**  
**(Critical Points)**
- (i) Labour Hours per Unit of Output
  - (ii) Material Cost per Unit
  - (iii) Average Sales per Customers
  - (iv) Timing of Production
- 33.** (2) Clause VII of Schedule IV to the Companies Act, 2013 read with Clause 49 (II) (B) (6) of the Listing Agreement provide that a separate meeting of Independent Directors should be held at least once in a year. The non-independent directors and other members of management should not be part of such meeting at all.
- 34.** (1) Maslow's hammer (or gavel), or the golden hammer is a Cognitive bias that involves an over-reliance on a familiar tool. As Abraham Maslow said in 1966, "I suppose it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail."
- 35.** (1) **Functional leadership theory** (Hackman and Walton, 1986; McGrath, 1962) is a theory for addressing specific leader behaviours expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is taken care of; thus, a leader can be said to have done their job well when they have contributed to group effectiveness and cohesion.
- 36.** (4)
- 37.** (2) **Shopping Goods** : A tangible product for which consumers want to compare quality, price and perhaps style in several stores before making a purchase is considered a shopping good. These products need search efforts and special visits to central markets, there are not urgent purchase and buyers can postpone buying according to their convenience. They need not have numerous retail outlets. Buyers want to shop around and select goods after comparing quality, terms, style, price, services and so on. Examples of shopping goods are furniture, jewellery, fashion goods, appliances, automobiles.  
 As fewer retailers are required and retail stores typically buy shopping goods in large quantities, it is common for manufacturers to use short channels of distribution. Usually they sell directly to retailers.
- 38.** (4) Micromarketing is a marketing strategy in which advertising efforts are focused on a small group of highly targeted consumers. Micromarketing requires a company to narrowly define an audience by a specific characteristic, such as ZIP code or job title, and tailor campaigns for that particular segment. It can be a more expensive technique due to customization and lack of an economy of scale.
- 39.** (2) Many factors influence a consumer's behavior. Depending on a consumer's experience and knowledge, some consumers may be able to make quick purchase decisions and other consumers may need to get information and be more involved in the decision process before making a purchase. The level of involvement reflects how personally important or interested you are in consuming a product and how much information you need to make a decision.  
 The level of involvement in buying decisions may be considered a continuum from decisions that are fairly routine (consumers are not very involved) to decisions that require extensive thought and a high level of involvement. Whether a decision is low, high, or limited, involvement varies by consumer, not by product, although some products such as purchasing a house typically require a high-involvement for all consumers. Consumers with no experience purchasing a product may have more involvement than someone who is replacing a product's.

- 40.** (4) Statement (I) is not correct but statement (II) is correct.
- 41.** (3) **List-I**
- |                         |  |
|-------------------------|--|
| (a) Tariff              | (i) Tax imposed on product entering a country and used to protect domestic producers and/or raise revenue.   |
| (b) Import Quota        | (ii) Limited amount of a particular product contain that can be brought into A country to product domestic industry or broadening access to its Marketing. |
| (c) Local-content Law   | (iii) A regulation specifying the proportion of a finished product's components and labour that must be provided by importing country.                     |
| (d) Local-operating Law | (iv) A constraint on how, when or where retailing can be conducted.  |
| (e) Standards           | (v) A requirement that a product contain or exclude certain ingredients or that it be tested and certified as meeting certain restrictive standards.       |
| (f) Boycott             | (vi) A refusal to buy products from a particular company or certification country.   |
- 42.** (3) **List-I**
- |                         |   |
|-------------------------|---|
| (a) Prospecting         | (i) Identifying profiles, ideas, Records and qualifying |
| (b) Pre-approach        | (ii) Information, habits, preference                    |
| (c) Presentation        | (iii) Attention, Interests, Desire, Action              |
| (d) Post sales services | (iv) Reduce Dissonance, Build goodwill                  |
- 43.** (1) The gross profit method is a technique used to estimate the amount of ending inventory. The technique could be used for monthly financial statements when a physical inventory is not feasible. (However, it is no substitute for an annual physical inventory.) It is also used to estimate the amount of missing inventory caused by theft, fire or other disaster.
- 44.** (3) Modified internal rate of return (MIRR) assumes that positive cash flows are reinvested at the firm's cost of capital, and the initial outlays are financed at the firm's financing cost. By contrast, the traditional internal rate of return (IRR) assumes the cash flows from a project are reinvested at the IRR. The MIRR more accurately reflects the cost and profitability of a project.
- 45.** (4) The debt market is the market where debt instruments are traded. Debt instruments are assets that require a fixed payment to the holder, usually with interest. Examples of debt instruments include bonds (government or corporate) and mortgages.  
 The equity market (often referred to as the stock market) is the market for trading equity instruments. Stocks are securities that are a claim on the earnings and assets of a corporation.

- 46.** (2) When Short-term funds have been used for fixed assets or Long term Fund then Negative Working Capital Implies. It is aggressive approach of working capital.

- 47.** (4) Some industries tend to achieve higher ROEs than others, and therefore, ROE is most useful when comparing companies within the same industry. Cyclical industries tend to generate higher ROEs than defensive industries, which is due to the different risk characteristics attributable to them. A riskier firm will demand a higher cost of capital and a higher cost of equity.

Furthermore, it is useful to compare a firm's ROE to its cost of equity. A firm that has earned a return on equity higher than its cost of equity has added value and vice versa. The stock of a firm with a 20% ROE will generally cost twice as much as one with a 10% ROE (all else being equal).

- 48.** (3) The profitability index is an index that attempts to identify the relationship between the costs and benefits of a proposed project through the use of a ratio calculated as :

$$= \frac{\text{PV of Future Cash Flow}}{\text{Initial Investment}}$$

- 49.** (2) Walter's Model shows the clear relationship between the return on investments or internal rate of return ( $r$ ) and the cost of capital ( $K$ ). The choice of an appropriate dividend policy affects the overall value of the firm. The efficiency of dividend policy can be shown through a relationship between returns and the cost.

- If  $r > K$ , the firm should retain the earnings because it possesses better investment opportunities and can gain more than what the shareholder can by re-investing. The firms with more returns than a cost is called the "Growth firms" and have a zero payout ratio.
- If  $r < K$ , the firm should pay all its earnings to the shareholders in the form of dividends, because they have better investment opportunities than a firm. Here the payout ratio is 100%.
- If  $r = K$ , the firm's dividend policy has no effect on the firm's value. Here the firm is indifferent towards how much is to be retained and how much is to be distributed among the shareholders. The payout ratio can vary from zero to 100%

- 50.** (2) In social sciences research on commercial R&D laboratories, boundary spanning is a term to describe individuals within an innovation system who have, or adopt, the role of linking the organization's internal networks with external sources of information.

- 51.** (3) **Value** : Resources are also valuable if they help organizations to increase the perceived customer value. This is done by increasing differentiation or/and decreasing the price of the product.

**Rarity** : Resources that can only be acquired by one or very few companies are considered rare. Rare and valuable resources grant temporary competitive advantage. On the other hand, the situation when more than few companies have the same resource or uses the capability in the similar way, leads to competitive parity.

**Imitability** : A resource is costly to imitate if other organizations that doesn't have it can't imitate, buy or substitute it at a reasonable price. Imitation can occur in two ways: by directly imitating (duplicating) the resource or providing the comparable product/service (substituting).

**Organization** : A firm must organize its management systems, processes, policies, organizational structure and culture to be able to fully realize the potential of its valuable, rare and costly to imitate resources and capabilities. Only then the companies can achieve sustained competitive advantage.

52. (4) Assertion (A) is an incorrect statement but Reasoning (R) is a correct statement.
53. (2) **List-I**
- | <b>(Ranking Methods)</b> |                     | <b>List-II</b>  |
|--------------------------|---------------------|---|
| (a)                      | Simple ranking      | (i) Based on overall performance.                                   |
| (b)                      | Alternation ranking | (ii) Based on a trait or a set of trait and avoids central Tendency |
| (c)                      | Paired comparison   | (iii) Based on particular trait only for quantity/quality of work.  |
| (d)                      | Forced distribution | (iv) Ends up with predetermined number of people in each Groups.    |
54. (2) (A) is correct but (R) is not the right explanation of (A).
55. (2) **Objective of Industrial Relations and Labour Laws**
- To safeguard the interest of labor and management by securing the highest level of mutual understanding and good-will among all those sections in the industry which participate in the process of production.
  - To avoid industrial conflict or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country. To raise productivity to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.
  - To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions, so that an individual's personality may grow its full stature for the benefit of the industry and of the country as well.
  - To eliminate or minimize the number of strikes, lockouts and gheraos by providing reasonable wages, improved living and working conditions, said fringe benefits.
  - To improve the economic conditions of workers in the existing state of industrial managements and political government.
  - Socialization of industries by making the state itself a major employer
  - Vesting of a proprietary interest of the workers in the industries in which they are employed.
56. (1) (A) is correct and (R) is correct explanation of (A).
57. (3) **Main Functions of NABARD**
1. NABARD provides refinancing facilities to Commercial banks, State co-operative banks, Central Co-operative banks, Regional rural banks and Land Development banks.
  2. It provides refinancing to agriculture, small scale industries and other village and cottage industries by lending to commercial banks.
  3. It promotes rural industries, small scale and cottage industries including tiny sectors by providing loans to commercial and co-operative banks.
  4. Special assistance is given by the bank for the promotion of small scale, cottage and village industries under service area approach.
  5. The bills of commercial and co-operative banks are discounted to enable them to finance for agricultural operations.

6. The bank provides funds to State governments for undertaking developmental and promotional activities in rural areas. In order to promote rural development and to help the weaker sections, the bank refinances especially regional rural banks which are set up in backward areas in most of the States.
7. Towards long-term loan, the bank is providing loans to institutions involved in long-term agricultural loan against guarantee of State government.
8. The bank is also financing research and development of agricultural and rural industries.
9. The bank implements the policy of the Central Government and the RBI with regard to agricultural credit.
10. Provides finance for promoting non-farm activities and employment in non-farm sectors for the purpose of reducing rural unemployment.
11. It strengthens the co-operative structure in the States by providing loans to both State co-operative banks and also to Land Development Banks.
12. It promotes minor irrigation projects by financing State Government's sponsored irrigation projects.
13. The bank is undertaking inspection work of Co-operative banks and Regional rural banks.
14. The bank has opened branches at all District headquarters by which it co-ordinates the District development programmes along with the district officials.
15. The bank also helps in the annual credit plan of the commercial banks and co-ordinates the activities of commercial and co-operative banks at the district level.
16. During natural calamities, such as droughts, crop failure and floods, the bank helps by refinancing commercial and cooperative banks so that the farmers tide over their difficult period.

Thus, the bank is providing short-term, medium term and long-term loans for agriculture and rural development

58. (3) The IDBI co-ordinates the functions and operations of all the financial institutions, including the IFCI, the ICICI, the LIC, GIC and the UTI into a single integrated financial structure so that each may contribute to the total effect the growth of the economy.
59. (2) (A) and (R) both are correct but (R) is not the right explanation of (A).
60. (3) Demonetization refers to the process of removing or stripping the legal status of a currency. Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency : The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency.
61. (3) The main objectives of UTI are as follows :
1. It mobilizes savings of the community and channelises them productive investment. By promising triple benefits of safety, liquidity and profitability of investments, the trust encourages individual savings.
  2. It gives one a chance to indirectly own shares and debentures in a large number of selected companies and thus enables the investors to share in the widening prosperity of industrial growth.
  3. It emphasizes the importance of research and professional skill formation in investment and financial management within UTI in the financial sector.
  4. It tries to operate on no profits, no loss while keeping the costs of operation lowest among all financial institution.

5. To contribute to the growth of the financial sector, the capital market, the stock exchange as well as the Corporate sector through responsible and cooperative behaviour, innovative response to the emerging needs of the economy.
6. To introduce tailor made schemes to help social transformation, e.g. schemes that address to solve through investment management, the needs of the children, girls etc., the victim of Bhopal gas accidents.
- 62.** (4) The main objective of the IFCI as laid down in the preamble to the IFCI Act, 1948 was to make medium and long-term credits more readily available to industrial concerns in India, particularly in circumstances where normal banking accommodation is inappropriate or resources to capital issue method is impractical.
- 63.** (3)
 

<b>List-I</b>	<b>List-II</b>
(a) Term finance	(i) Providing finance to the borrowers for expansion and modernization of plant and equipment.
(b) Refinance	(ii) Providing replenishment finance to eligible institutions for their Loans to industrial concerns.
(c) Financial inclusion	(iii) Delivering of banking services at affordable cost to the vast Sections of disadvantaged and low income groups.
(d) Venture capital	(iv) Providing finance to new or existing industrial units for encouraging commercial application of technology/ expansion.
- 64.** (1) (A) is correct and (R) is correct explanation of (A).
- 65.** (3)
 

<b>List-I</b>	<b>List-II</b>
(a) Tarification	(i) Replacement of existing non-tariff restrictions.
(b) Prohibited subsidies	(ii) They act on goods which are contingent upon export performance.
(c) Actionable subsidies	(iii) They have demonstrably adverse effects in other member countries
(d) Non-actionable subsidies	(iv) For industrial research in disadvantaged regions.
- 66.** (3)
 

<b>List-I</b>	<b>List-II</b>
(a) NAMA	(i) Includes industrial goods, textile, jewelry, fish and fisheries product manufacturing industries.
(b) GATTS	(ii) Liberalization of trade in goods and services.
(c) TRIMs	(iii) Liberalization of international investments.
(d) TRIPs	(iv) Provides monopoly power to owners of intellectual property.

67. (4) Statement (I) is incorrect while Statement (II) is correct.
68. (4) Statement (I) is incorrect while Statement (II) is correct.
69. (2) **List-I** **List-II**
- |                             |                                     |
|-----------------------------|-------------------------------------|
| (a) Comparative Cost Theory | (i) David Ricardo                   |
| (b) Opportunity Cost Theory | (ii) Gottfried Haberler             |
| (c) Factor Endowment Theory | (iii) Eli Hecksher and Bertil ohlin |
| (d) Absolute Cost Theory    | (iv) Adam Smith                     |
70. (4) The bank does expect the borrowing country to spend the loan in a particular country.  
Periodic cash receipts + Capital gains  
 Purchase Price of the security
71. (1)
72. (2) The portfolio risks can be defined as the possibilities of loss on investment. "The risk of a portfolio is measured by the ratio of the variance of the portfolio's return relative to the variance of the market return"
- There are two types of risk in portfolio investment - systematic risk and unsystematic risk. The unsystematic risk can be reduced or eliminated through diversification. The unsystematic risk usually contains company or organization issues, while the systematic risk is the market risk, which can- not been foreseen and reduced.
- The covariance is a measure of how returns of two securities move together. If the returns of the two securities move in the same direction consistently the covariance would be positive. If the returns of the two securities move in opposite direction consistently the covariance would be negative. If the movements of returns are independent of each other, covariance would be close to zero.
73. (4) Commercial paper is a short-term unsecured promissory note issued by corporations and foreign governments. For many large, creditworthy issuers, commercial paper is a low-cost alternative to bank loans. Issuers are able to efficiently raise large amounts of funds quickly and without expensive Securities and Exchange Commission (SEC) registration by selling paper, either directly or through independent dealers, to a large and varied pool of institutional buyers. Investors in commercial paper earn competitive, market-determined yields in notes whose maturity and amounts can be tailored to their specific needs. Because of the advantages of commercial paper for both investors and issuers, commercial paper has become one of America's most important debt markets.
74. (1) (a) Grey market is a market for dealing in listed securities.  
 (b) OTCEI is mainly intended for big investors.  
 (c) Insider Trading is legally permitted in the capital market.
75. (2) Venture Capital investment is also referred to risk capital or patient risk capital, as it includes the risk of losing the money if the venture doesn't succeed and takes medium to long term period for the investments to fructify. In addition to capital, it provides valuable information, resources, technical assistance to make a business successful.
76. (4) **List-I** **List-II**
- |                    |  |
|--------------------|--|
| (a) Liquidity Risk | (i) Risk related to inability to pay its dues on time. |
| (b) Business Risk  | (ii) Risk related to fluctuation in profits.           |
| (c) Financial Risk | (iii) Risk related to Firm's Capital Structure.        |
| (d) Inflation Risk | (iv) Risk related to Purchasing Power of Income        |

77. (3) Statements (I) and (II) are not correct but (III) is correct.
78. (2) The exponentially increasing amounts of data being generated each year make getting useful information from that data more and more critical. The information frequently is stored in a data warehouse, a repository of data gathered from various sources, including corporate databases, summarized information from internal systems, and data from external sources. The purpose of gathering corporate information together in a single structure, typically an organization's data warehouse, is to facilitate analysis so that information that has been collected from a variety of different business activities may be used to enhance the understanding of underlying trends in their business.
79. (4) Both the statements are not correct.
80. (2) 34% of the customers who fall in one of the categories of diffusion process who are deliberate customers to accept an innovation just before the average adopter in a social system. Such customers who are above average in social and economic measures, rely quite a bit on advertisements and salesmen are known as Early Majority.  
The early majority is the first sizable segment of a population to adopt an innovative technology. The early majority tends to be roughly 34% of the population and will adopt a new product after seeing it used successfully by either "innovators" and "early Majority" that they know personally.
81. (1) The GE matrix generalizes the axes as "Industry Attractiveness" and "Business Unit Strength" whereas the BCG matrix uses the market growth rate as a proxy for industry attractiveness and relative market share as a proxy for the strength of the business unit.
82. (4) A trade rate discount, sometimes also called "trade discount", is offered by a seller to a buyer for purposes of trade or reselling, rather than to an end user. For example, a pharmacist might offer a discount for over-the-counter drugs to physicians who are purchasing them for dispensing to the physicians' own patients. A seller supplying both trade or resellers, and the general public will have a general list price for anybody, and will offer a trade discount to bona-fide trade customers.
83. (3) 

<b>List-I</b>	<b>List-II</b>
(a) Focus of PM	(i) Profit Maximization by controlling people.
(b) Focus of HRM	(ii) Development attitude by making people contribute their best.
(c) Philosophy of PM	(iii) Exercising it as a functional area management.
(d) Philosophy of HRM	(iv) Exercising it as humane Management.
84. (2) Statements II and III are correct while I is incorrect.
85. (3) BARS were introduced by Smith and Kendall in 1963 with the attention of researchers concerned with the issue of reliability and validity of performance ratings.  
This method is combination of the rating scale and critical incident techniques of performance appraisal. It is a tool that anchors a numerical rating scale with specific behavioral examples of good or poor performance.
86. (3) 

<b>List-I</b>	<b>List-II</b>
(a) Andragogy	(i) Art and science of training the adult
(b) Pedagogy	(ii) Strategies or Style of Instructions
(c) Terminal behavior	(iii) Ultimate Knowledge level with trainee leaves the training sessions
(d) Training impediments	(iv) Lack of Commitment of Management and Scarcity of resources in training

- 87.** (3) The compensation system should be designed with subjectivity with respect to individual skill sets exercised from time to time.
- 88.** (1)
 

<b>List-I</b>	<b>List-II</b>
(a) Healthy labour-management relations	(i) Voluntary arbitration and responsible trade Union
(b) Industrial Peace Law	(ii) Industrial Disputes Act
(c) Industrial Democracy	(iii) Workers' participation in management
(d) National Commission on Labour, 1969	(iv) Guiding Principles for a grievance procedure
- 89.** (4) Mauritius was the largest source of foreign investment in India, followed by the US and the UK, according to a census by the Reserve Bank.  
 Singapore and Japan were the next two sources of foreign direct investment (FDI), said the Census on Foreign Liabilities and Assets of Indian Direct Investment Companies 2016-17.
- 90.** (2) (A) and (R) both are correct; but (R) is not the right explanation of (A).
- 91.** (1) Statements (I), (II) and (III) are correct.
- 92.** (9)
- 93.** (3) Both statements (I) and (II) are correct.
- 94.** (3) Section 2 of the Patents Act, 1970, define invention as a new product or process involving an inventive step and capable of industrial application. With the proposal of introduction of product patents, the definition is broadened by introduction of the words 'non-obvious' and 'useful' synonymous to inventive step and capable of industrial application, respectively. A patent is a form of intellectual property. A patent gives its owner the right to exclude others from making, using, selling, and importing an invention for a limited period of time, usually twenty years. The third amendment to the Patents Act 1970 was introduced through the Patents (Amendment) Ordinance, 2004 w.e.f. 1<sup>st</sup> January, 2005. This Ordinance was later replaced by the Patents (Amendment) Act 2005 (Act 15 Of 2005) on 4<sup>th</sup> April, 2005 which was brought into force from 1-1-2005.
- 95.** (4) Interest on capital received by a partner from the firm engaged in agricultural operations it is tax payable in Income from Business.  
 Agricultural income earned by a taxpayer in India is exempt under Section 10(1) of the Income Tax Act, 1961. Agricultural income is defined under section 2(1A) of the Income-tax Act.  
 Agricultural Income Generally Means :  
 (a) Any rent or revenue derived from land which is situated in India and is used for agricultural purposes.  
 (b) Any income derived from such land by agriculture operations including processing of agricultural produce so as to render it fit for the market or sale of such produce.  
 (c) Any income attributable to a farm house subject to satisfaction of certain conditions specified in this regard in section 2(1A). Any income derived from saplings or seedlings grown in a nursery shall be deemed to be agricultural income.
- 96.** (3) Value of all those assets to which one rate of depreciation is applicable  
 Section 2(11) of Income Tax has defined 'Block of Assets' as a 'group of assets' falling within a 'class of assets' comprising :  
 (a) Tangible assets, being buildings, machinery, plant or furniture;  
 (b) Intangible assets, being know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, in respect of which the same percentage of depreciation is prescribed.

97. (3) Exemption amount are at the time of VRS.
- 3 Month salary × Salary Last drawn × Completed year of service
  - Salary Last Drawn × Balance Left - before retirement.
  - 500,000
  - Actual Amount Received  
$$\text{Salary} = \text{Basis Pay} + \text{D.A. (It ...)} + \% \text{ on commission of sales}$$
98. (1) 1. **Income Tax at a flat rate of 30%** is levied on Partnership Firms and LLP's. Computation of taxes as per Income Tax Slab Rates is not allowed as the benefit of Slab Rates is only available to Individuals and HUF's. Education Cess @ 2% and SHEC @ 1% would also be required to be paid. Moreover, in case the income of the partnership firm is more than Rs. 1 Crore in any financial year, Surcharge @ 10% would also be payable.
2. **Capital Gains arising from the sale of any asset** by the partnership firm are taxable under Section 112. Moreover, in case of sale of shares and mutual funds, in case the period of holding is less than 1 year – the income would be taxable under Section 111A at a flat rate of 15% and in case the period of holding of shares is more than 1 year – the income would be exempted from the levy of tax under Section 10(38).
3. Remuneration and Interest is allowed to be paid to the partners. However, the tax deduction for remuneration and interest paid to the partners is allowed subject to the limits and conditions specified in Section 40(b).
4. Remuneration and Interest received by the partners shall be taxed in their hands as income under head PGBP. However, the salary and interest which have not been allowed under Section 40(b) or any other section shall not be added to the income of the partners.
5. The share of the partners in the total income of the firm is exempt in the hand of the partners as the same has already been taxed in the hands of the partnership firm.
6. Losses of the firm should be carried forward and not allowed to be allocated to the partners.
7. Deductions under Chapter VI-A would be allowed from the Gross Total Income only for Donations or in case the business falls under the specified category of business.
8. In case the partnership firm is unable to pay the tax dues, the partners can be held liable for recovery of the tax dues.
9. It is pertinent to note that although LLP's are treated in the same manner as Partnerships, there is only one section which does not apply to LLP's and applies to Partnership Firms which is Section 44AD. LLP's cannot claim benefits of Section 44AD by using Presumptive Taxation.
99. (2) Advance tax means Income Tax should be paid in advance instead of lump sum payment at year end. It is also known as pay as you earn tax. These payments have to be made in installments as per due dates provided by the income tax department.  
For both individual and corporate taxpayers

Due Date	Advance Tax Payable
On or before 15th June	15% of advance tax
On or before 15th September	45% of advance tax
On or before 15th December	75% of advance tax
On or before 15th March	100% of advance tax

100. (1) Expenses which are allowed to be deducted as per section 37 :

- Loss of money due to embezzlement by an employee handling the funds of the business while discharging his official duties.
- Expenditure incurred for renovation of building or reconditioning of machinery to reactivate production which was temporarily suspended provided it does not create any new asset of an enduring benefit
- Cost of installing a new telephone under executive instructions and deposit under Tatkal Telephone Deposit Scheme.

